KANSAS
DIVISION OF HEALTH POLICY AND FINANCE
ROBERT M. DAY, DIRECTOR KATHLEEN SEBELIUS, GOVERNOR

Testimony on:
Report to the Kansas Legislature
by the Kansas Health Policy Authority Board

presented to:
Joint Committee on Health Policy Oversight

by:
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March 1, 2006

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I. Overview

Introduction. As outlined in the enabling legislation, the mission of Kansas Health Policy Authority (KHPA) is to develop and maintain a coordinated health policy agenda which combines the effective purchasing and administration of health care with health promotion oriented public health strategies. As required by statute, this March 1st, 2006 report outlines the transition of health programs from the Division of Health Policy and Finance to the KHPA, as well as the KHPA's progress in meeting various timelines established by law, and its future plans. The KHPA Board (KHPAB) is pleased to report that the transition from the Division to the Authority will occur successfully, on time, and without a request for additional personnel or funding at the present. Instead, the KHPAB has asked the Authority staff for a thorough review of our workforce and resource needs as it pertains to our long term strategic goals.

Statutory History. The Division of Health Policy and Finance (DHPF) was created by House Substitute for SB 272 during the 2005 Legislative Session. DHPF was established on July 1, 2005 within the Department of Administration. At that time, the single state Medicaid agency authority moved from the Department of Social and Rehabilitation Services to DHPF and the State Employees Health Benefits Section was placed under the same administrative structure. Simultaneously, the Kansas Health Policy Authority (KHPA) was established as a new agency within the Executive Branch. The nine voting members and seven non-voting members were scheduled to be appointed on August 1, 2005. The seven non-voting members are to serve as a resource and support for the voting members. After an initial cycle of staggered terms, members serve four-year terms. Bios for each of the KHPAB members are included in Appendix A.

Broad responsibility for health policy and data. The enacting legislation for the KHPA charges this new agency and its governing Board with the responsibility for developing "a coordinated health policy agenda that combines effective purchasing and administration of health care with health promotion oriented public health strategies. The powers, duties and functions of the Kansas health policy authority are intended to be exercised to improve the health of the people of Kansas by increasing the quality, efficiency and effectiveness of health services and public health programs."

The KHPA is further charged with the adoption of "health indicators" that "shall include baseline and trend data on the health costs," and with reporting these indicators at least annually. The KHPA is also tasked with overseeing the collection, management and application of a vast array of health care data, beginning with administrative records for several hundred thousand participants in the programs that the KHPA will operate. Effective January 1, 2006, SB 272 transferred to the KHPA the functions and data previously assigned to the health care data governing board, which includes claims records from hospitals and the health care provider database. In addition, legislation will be introduced during this session to transfer administrative responsibilities for the Kansas Insurance Department's private insurance database.

Programmatic responsibilities. SB 272 tasks DHPF, and subsequently the KHPA, with the responsibility to coordinate health care planning, administration, purchasing and analysis of health data for several state health care programs, including:

- State-financed health insurance benefits provided through Medicaid or the State Children's Health Insurance Program (SCHIP) for Kansas;
- Designation as the single state agency responsible for Medicaid expenditures;
- The MediKan program for those in the process of applying for disability benefits;
- Working Healthy portion of the Ticket to Work Program;
- Medicaid and SCHIP prescription drug benefits, including a system of prior authorization, utilization review, electronic claims, and management of drug formulary;
- the Medicaid Management Information System (MMIS);
- the state employees health benefits plan; and
- the state employees self-insured worker's compensation program.

As the single state Medicaid agency, DHPF carries the fiduciary responsibility to supervise and administer Federal Medicaid funds according to a state plan approved by the Secretary of Health and Human Services.

Phased implementation. Integrating these programmatic responsibilities within DHPF represents the first phase of implementation for the KHPA and will be complete by June 30 2006.

The second phase of implementation is the integration of DHPF programs and staff into the KHPA on July 1, 2006, which will occur as scheduled. Rather than requesting additional resources at this time, the Board has determined that a thoughtful, fiscally conservative plan of implementation requires using the existing resources and organizational structure that are currently in place within the DHPF, relying on the Dept. of Administration for basis administrative support services. Meeting the KHPA's broad charge to manage and use health data and to develop state health policy will require adequate new resources, such as the kinds of resources outlined in Section V below, but the Board has determined that it intends to apply due diligence in reviewing these potentially costly options before asking the legislature for additional funding. Moreover, these costs may be affected by the assumption of new responsibilities associated with programs that could be transferred into the KHPA in the future. As a result, options for the use of additional resources will be considered alongside recommendations to transfer additional programs into the KHPA for the FY 07 budget.

The third phase of implementation includes the required consideration by the KHPA Board of a potential transfer of additional Medicaid-funded programs to the Authority, including mental health services, home and community based services, nursing facilities, substance abuse prevention and treatment and operation of state-owned hospitals. The Board's recommendation for the potential transfer of these programs to the KHPA is due to the Legislature at the beginning of the 2007 session.

II. Organizational transition of the DHPF

A number of important activities were implemented by the Division of Health Policy and Finance in order to comply with the requirements of SB 272 and commensurate federal laws. These activities are outlined in detail in appendix B.

III. Description of Programs to be Incorporated into the Kansas Health Policy Authority on July 1, 2006

Staff from the Division of Health Policy and Finance provided testimony to the House and Senate budget committees which described the current activities and finances for the various programs that fall under its jurisdiction. Excerpts from the testimony are provided in Appendix C.

IV. Kansas Health Policy Authority Board Meetings

Un-official Meetings. Prior to our Senate confirmation in November, the KHPA Board was granted permission from the Legislative Oversight Committee to meet informally. The Board thus began meeting monthly in September 2005 and focused on understanding the various health programs that will fall under the jurisdiction of the board. During these informal public meetings, the Board met with directors from the programs and spent time focusing on board process issues.

Official Meetings. To date, the board has had two official meetings and one strategic planning retreat, given a delay in our confirmation process. The delay was largely due to a lengthy KBI background check for voting board members. Although the legislation required that board members be appointed on or before August 1, 2005, the Board was unable to have its Senate confirmation hearing until the end of November. Accordingly, the Board's first official meeting occurred in December, and the Board met again in January. During these most recent meetings, the Board continued to learn about Kansas health programs, and heard from two nationally known speakers on the issues of chronic disease and health disparities, as well as the Governor and three members of the Legislative Oversight. Additional subcommittees have also met, for example, to discuss the planning of our board retreat. As the legislation stipulates, the Board will continue to meet monthly for the first year. Thereafter, the board is required to meet quarterly, but may meet more often as necessary.

Strategic Planning Retreat. In February, the board participated in a strategic planning retreat. The Board's facilitators were from Wichita State University, and we heard from two distinguished guest lecturers from the Kaiser Family Foundation and the Commonwealth Fund. These researchers helped to identify for the board the best practices in state, national, and private sector health policy trends. The board focused on both our short and long term mission of coordinating health policy for the state. And, as required by law, the Board finalized plans for this report and recommendations.

V. KHPA Actions

The KHPA Board has taken a number of key actions to meet its statutory responsibility and has underscored the importance of additional data in order to develop comprehensive health policy for the state of Kansas. The following list of initiatives comprises initial short term strategic goals that the Board has embraced. Additional short term and long term strategic goals will be further described in subsequent reports.

KHPA's FY 2006 Budget. The 2005 Legislature appropriated $1,450,000 to the KHPA for Fiscal Year 2006. This amount included $500,000 for the Business Health Partnership and $950,000 for other operating expenditures, including 6.0 full time positions. Within the $950,000, $200,000 was dedicated to the generic drug program known as Community Rx Kansas and $750,000 was approved for operating expenses.

In the submitted budget, KHPA requested the full amounts for the Business Health Partnership and the Community Rx Kansas program. Operating expenditures were reduced because of the delays in confirming the Authority members and filling staff positions, including the Executive Director.

The Governor recommended expenditures of $950,173 for KHPA during FY 2006. This amount includes $232,873 for salaries and wages. Other operating expenditures total $233,600 for consultant contracts, travel, and the Community Rx Kansas program and $500,000 for the Business Health Partnership. The table below compares the Governor's budget recommendations for Fiscal Year 2006 to KHPA's planned expenditures.

FY 2006 KHPA Budget

February 24, 2006

	KHPA Board Approved Expenses	Governor's Budget Recommendation	Surplus (Deficit) BALANCE
SALARIES AND WAGES			
SUBTOTAL----------	$143,513	$232,873	$89,360
SERVICES			
COMMUNICATION	$1,000	$0	($1,000)
FREIGHT AND EXPRESS	$1,000	$0	($1,000)
PRINTING AND ADVERTISING	$1,000	$300	($700)
RENTS	$6,000	$2,500	($3,500)
REPAIRING AND SERVICING	$0	$0	$0
TRAVEL	$17,450	$13,500	($3,950)
OTHER SERVICES			
Retreat	$5,000	$0	($5,000)
Consultant	$10,000	$0	($10,000)
SUBTOTAL----------	$41,450	$16,300	($25,150)
CONTRACTS			
Generic Drug program	$200,000	$200,000	$0
Business Health Partnership subsidy	$500,000	$0	($500,000)
General Counsel	$25,000	$0	($25,000)
SUBTOTAL----------	$725,000	$200,000	($525,000)
COMMODITIES			
MAINT. MATERIALS, SUPPLIES & PARTS	$0	$0	$0
PROFESSIONAL & SCIENTIFIC SUPPLIES	$0	$0	$0
STATIONERY & OFFICE SUPPLIES	$1,000	$1,000	$0
OTHER SUPPLIES, MATERIALS, PARTS	$0	$0	$0
SUBTOTAL----------	$1,000	$1,000	$0
CAPITAL OUTLAY(Equipment)	$2,500	$0	($2,500)
GRANTS	$0	$500,000	$500,000
GRANDTOTAL----------	$913,463	$950,173	$36,710

Hire legal counsel. Per the Professional Services Sunshine Act, the KHPA Board solicited bids from Kansas law firms to provide legal limited services to the Board. The KHPA will contract

with the firm of Goodell, Stratton, Edmonds & Palmer to provide legal counsel to the Board for the remainder of FY2006. The KHPA is seeking guidance on a number of issues, including establishing a governance structure, a committee structure, meeting KHPA's broad statutory requirements, as well as recommending procedures for hiring a permanent Executive Director, who will be Senate confirmed.

Direct the establishment of an MOU for certain administrative functions. As mentioned earlier, the Board initially discussed options to increase staffing levels in order to meet the demands of a new independent agency and the responsibilities outlined in the enacting legislation for data management, analysis and dissemination. After considering the issue, the Board determined the need for DHPF to complete the process of streamlining and consolidating its work processes across various components of the agency before approaching the legislature with a specific request for additional funds to meet the legislated objectives. In addition, the Department of Administration has offered to continue to provide support functions that will make it unnecessary for us to request additional staff for the coming year. Therefore, the Kansas Health Policy Authority Board will draft a memorandum of understanding (MOU) with the Department of Administration (DofA) which will state that the DofA will provide basic administrative support services to the Kansas Health Policy Authority, including personnel, some legal, and health information functions. This MOU will be shared with the Legislative Oversight Committee.

Develop a data management plan to drive policy development. Meeting the information challenge will require a new direction, additional resources, and a coordinated partnership between the KHPA and the wide community of stakeholders with an interest in the appropriate and effective use and dissemination of health data. The Board plans to develop a participatory approach to health information policies, and will work to refine proposals to staff and support the Authority's data needs:

> **Data consortium**. The Board will develop a "Data Consortium" composed of private ad public sector stakeholders which will make health care policy recommendations to the Health Policy Authority in three specific areas (1) Health Care Quality; (2) Health Care Pricing; and (3) Public Health/Consumer information. The goal of the Data Consortium will be to collect, analyze and disseminate health care information that will improve decision-making in the allocation and financing of health care and public health and wellness. The Data consortium could provide input on content and possible endorsement of initiatives in other organizations and agencies, such as KDHE's www.healthykansas.com wellness toolkit.
>
> **Data systems and analytic resources**. The board intends to embrace a comprehensive health care data collection system with a "one-stop shop" for all health care data, pricing, and quality information which will be available to consumers (reliable data that reflects health outcomes). The data management requirements of the KHPA are substantial. The agency will use data for value-based purchasing, to drive quality improvements, and to coordinate a health policy agenda across state agencies, incorporating information on evidence-based research, health indicators, utilization and expenditures, and will be informed by the work of the Kansas Health Care Cost Containment Commission. Such a

system will require an update from the current decision support systems utilized by Medicaid, SCHIP, and the State Employees Benefit Plan. There are a number of states who have implemented such systems, and the Board will be considering which data system will best fit the needs of Kansas. These systems are described in greater detail in Appendix D.

Conduct "town hall" meetings for public input. The KHPA intends to develop and begin implementing a comprehensive health policy agenda by thoughtfully accomplishing short term and long term strategic goals, which includes the consideration of whether to recommend the transfer of additional programs into the agency. These issues are of critical importance to the people of Kansas and their input into these decisions is imperative. A minimum of five townhall meetings will occur at various locations throughout the state in order to give citizens and interest groups an opportunity to weigh in on their issues of concern. The Board plans to hold townhall meetings inviting stakeholders to address specific health issues in Kansas. These meetings would be attended and lead by three or more members of the Authority Board.

Request for an independent review of health costs and wellness. The Health Policy Authority acknowledges the need for a comprehensive unbiased baseline analysis of the current state of health care costs, data, and wellness initiatives in Kansas. This analysis will provide the Board with an overview from which to select measures for determining success including, for example: trends regarding the current public and private costs of health care in Kansas as well as the cost drivers for health care services; the ways in which data is currently being used to drive health policy in Kansas; and an assessment of prevention and wellness services in the State. The request for this independent review will be expedited in order to inform other important policy decisions considered by the Board.

Comprehensive Medicaid reform study. As the number of individuals with employer sponsored health insurance has decreased over the past several years, Medicaid enrollment and spending has grown commensurately. The current growth rate of Medicaid in Kansas is unsustainable in the long term and accordingly, the Health Policy Authority Board should consider innovative reforms to the Medicaid program that ensure quality health care for low income Kansans while controlling costs. The Kansas Health Policy Authority Board will request a detailed analysis of state Medicaid reforms and trends in order to develop a set of possible recommendations for Medicaid reform to be implemented in Kansas.

Decrease tobacco consumption. With nearly 20% of Kansans smoking tobacco resulting in annual health care costs in Kansas directly caused by smoking $854 million, the Health Policy Authority Board recognizes the importance of decreasing the use of tobacco products. In addition to considering other potential policy options, the Board will develop awards for Kansas communities who promote anti-smoking ordinances.

Increasing affordability of employer based health insurance. The KHPA Board will focus on innovative ways to make health insurance more affordable for businesses, especially small businesses – such as the Business Health Policy Committee pilot program (described in more detail in Appendix C.) Other kinds of initiatives that help to secure employer based insurance in both the public and private sector will also be promoted. An example includes reviewing for

potential endorsement the Insurance Commissioner's efforts to create a reinsurance pool which will help decrease the amount that small employers have to pay to provide health insurance for their workers.

Enhancing the safety net system. The KHPA Board recognizes the importance of stabilizing and enhancing the health care safety net which provides care to Kansans of low income or those without insurance. The Board will push for policies and programs that ensure our safety net clinics throughout Kansas are adequately supported, such as considering for endorsement increased funding for these clinics.

Summary. This report outlines the transition plans for health programs from the Division of Health Policy and Finance to the KHPA and describes KHPA's progress in meeting various timelines established by law, as well as short term and long term strategic goals. The transfer of programs from Division to the Authority will occur on time and after a thorough review of our staffing and resource needs, additional funding and resources will be submitted to the Governor and the legislature. The Board appreciates the unanimous support we have received from both the Governor and the legislature and look forward to sharing our continued progress with you.

This concludes my testimony. I would be happy to answer any questions. Thank you.

Appendix A. Kansas Health Policy Authority Board Members

Garen Cox, JD, President, Chief Executive Officer and General Counsel for Medicalodges, Inc.

Garen Cox is the President, Chief Executive Officer and General Counsel for Medicalodges, Inc. home multi-facility operation in America with 41 locations in Kansas, Missouri, Oklahoma, and Arkansas. Medicalodges employs in excess of 2400 employees and is the only 100% employee-owned nursing home multi-facility operation in America. Cox joined Medicalodges after graduating law school and has served as its general counsel handling all of the legal matters associated with a large health care operation.

Since March 14, 2003, Cox has served the company as its President, CEO, and General Counsel. He was recently elected to a third term as President, CEO, and General Counsel. Cox has also served as Medicalodges' Executive Vice-President and General Counsel (1998 to 2003). From 1976 to 1998, Cox was employed by Medicalodges serving as Vice President and General Counsel.

In 1976 Cox began work in private law practice representing individuals in all walks of life and represented indigent defendants in criminal matters until 1998.

Garen Cox graduated from Washburn School of Law in1976. He completed his undergraduate degree at Kansas University with a Bachelor of Science in Education Degree in 1973. Cox graduated from Mound City High School (1969) as Co-Valedictorian with numerous awards for leadership and scholastic achievement. Active 4-H Club Member, toured Washington, D.C. sponsored by Rural Electric Cooperative. Toured Europe on music scholarship (Trumpet). Winner of numerous awards in public speaking. Outstanding Student Award by the American Legion and John Phillip Sousa Award for outstanding musician. American Legion Boys State (Senator).

Cox has served the state and community in many capacities:

- Board of Directors of Medicalodges, Inc. (1998 to Present)
- Officer and Board of Directors of Peoples Choice Credit Union, Coffeyville, KS (1980 to 2005)
- Leadership Kansas (1992)
- Served on the Governor's Long-Term Care Task Force for the State of Kansas (appointed by Governor Bill Graves).
- Active in local Nazarene Church as past Board Member, Teacher, Leader.
- Member of American Bar Association, American Trial Lawyers Association, American Health Lawyers Association, Kansas Bar Association, Kansas Trial Lawyers Association, and Montgomery County Bar Association.
- Currently serves on the American Health Care Association's Medical Liability Reform Subcommittee (2004 to present) and the Kansas Health Care Association's Tort Reform Subcommittee (Chair) (2004 to present).
- Kansas Health Care Association's Multi-Facility Vice-President. (2005)
- Has served or is presently serving on other groups related to the improvement of the health care community and volunteer groups.

- Frequent lecturer and teacher on health care issues and taught a course for paralegal training at Independence Community College.
- Appointed by the Speaker of the Kansas House, Doug Mays, to serve on the Kansas Health Policy Authority under what was described by Kansas Governor Kathleen Sebelius as "one of the most significant reorganizations in the history of state government in Kansas." (August 2005)

Garen Cox has been married for thirty years to Waneta who is a teacher for the Tri-County Special Education Cooperative at the Independence High School in Independence, KS. They have two adult children: Branden and Christopher.

E.J. 'Ned' Holland, Jr, JD, Vice President of Compensation, Benefits, and Labor Relations at Sprint Corporation.

E.J. 'Ned' Holland, Jr, is a senior executive with substantial legal, business, and civic career. Holland has a strong track record in senior management and leadership roles in legal profession, health care organizations, and the corporate environment. He was a managing partner and practice group leader of ninety lawyer law firm. Holland has substantial experience in providing policy direction and strategy development for major hospitals and health care organizations. He has managed a variety of functional areas and a multi-million dollar expense and benefits budget as Chief Administrative Officer of a Fortune 500 company. Holland manages multi-billion dollar compensation and benefit plans for a Fortune 100 company.

Holland's professional experience is extensive; including work with Spring Corporation, Overland Park, Kansas as Sprint Corporation is a global communications company integrating long-distance, local and wireless communication services and one of the World's largest carriers of internet traffic. It has $26 billion in annual revenues, serves more than 20 million customers and has 62,000 employees.

As Assistant Vice President of Corporate Benefits (1/99-5/00), Holland was responsible for the company's major corporate benefits on an enterprise wide basis. This included responsibility for company's retirement and welfare benefits, including purchasing health care for the company's then 85,000 employees and 15,000 retirees nationwide.

As Vice President of Compensation, Benefits, Labor & Employee Relations, Holland is currently responsible for all compensation programs, rank and file as well as executive, and for all major corporate benefits for the enterprise, over $5B in programs. He is also responsible for corporate labor relations strategy, including dealing with the incumbent international labor unions.

Holland was previously employed by Payless Cashways, Inc., Kansas City, Missouri as Senior Vice President of Administration/Corporate Secretary. Payless Cashways is a $2.7 billion building materials retail chain with up to 20,000 diversified employees providing goods and services to both retail and professional customers from over 200 locations. There Holland was responsible for all legal affairs, board relations, corporate governance, human resources, employment, employee and labor relations, compensation, benefits, training, human resource development, corporate communications, internal administrative functions, and stand-alone

video production facility operated as separate profit center. He began in 1992 as Senior VP Human Resources but gradually acquired the other responsibilities described.

Holland has also worked for Spencer, Fane, Britt & Browne, Kansas City, Missouri as a Managing Partner and Health Care Practice Group Leader. Holland worked as an attorney in private practice with primary expertise in labor and employee relations and health care law as well as additional experience in zoning and land use planning and litigation on behalf of major regulated public utility.

E.J. Holland graduated from Boston College Law School, Brighton, Massachusetts, with a Jurist Doctorate. He earned his undergraduate degree from Rockhurst College, Kansas City, Missouri, with a Bachelors of Arts in philosophy.

Holland is very involved in professional and civic activities that include:

- Frequently published author and speaker on labor, employment and health care policy issues.
- Member, Board of Directors, National Business Group on Health.
- Chair, National Committee on Evidence Based Benefit Design.
- Member, Board of Directors, Joint Commission Resources.
- Member, Kansas Health Care Data Governing Board.
- Member Conference Board Council on Benefits.
- Past Chairman, Mid America Coalition on Health Care.
- Past member of American Academy and Missouri Society of Hospital Attorneys.
- Past General Counsel to Kansas City Area Hospital Association.
- Past Special Counsel to Missouri Hospital Association.
- Past legal counsel to approximately 40 hospitals and industry associations.
- Past Chairman of the Kansas City, Missouri Tax Increment Financing Commission.
- Past member of the Kansas City, Missouri City Plan Commission.
- Past member and Finance Committee Chair of the Kansas City, Missouri Board of Education.
- Member of the Missouri Governor's Health Systems Partnership task force.
- Past Board Chairman, Truman Medical Center, a 500 bed, multi-facility hospital system.
- Past President, Truman Medical Center Charitable Foundation
- Completed special hospital management internship.
- Past Board Chairman, Kansas City Area Hospital Association.
- Past Board member, Children's Mercy Hospital.

Holland has earned many awards and honors throughout his distinguished career. These awards include:

- Kansas City Metropolitan Medical Society Lay Honor Award.
- Kansas City Gillis Center Spirit Award.
- Kansas City Consensus and Heart of America United Way Volunteer Service Award.
- Missouri Hospital Association Excellence in Governance Award.
- Missouri Department of Social Services Distinguished Service Award.
- Two time White House Fellows national finalist.

Connie Hubbell, Senior vice president for Community Relations of the Kansas Foundation for Medical Care.

Connie Hubbell is the Senior Vice President, Community Relations, 2003 – Present for Kansas Foundation for Medical Care, Inc. Under the direction of the President and CEO, Hubbell assumes oversight responsibility to establish KFMC as a recognized resource and partner in the Kansas healthcare community. Hubbell leads KFMC's activities and education of Medicare Beneficiaries, and their caregivers, in health care services related to improved health and quality of life. She works successfully with representatives from various communities and organizations with respect to the diverse populations and cultures. Hubbell's position requires that she report directly to the President and C.E.O.

Hubbell's previous professional work experience includes Secretary of Aging, State of Kansas,1999 – 2003. She was also employed by Kansas Department of Social and Rehabilitation Services (SRS) as the Assistant Secretary-Health Care Policy/Commissioner of Substance Abuse, Mental Health, and Developmental Disabilities, 1997 – 1999. Hubbell served as Commissioner of Income Maintenance/Employment Preparation Services, 1995 – 1997.

In 1968, Hubbell received her Bachelor of Science in Physical Education from Kansas State University, Manhattan, Kansas.

An active member in the community, Hubbell has been a member of or involved with many professional and community service organizations:

- Statewide Independent Living Centers of Kansas (1998 - 2003)
- Cabinet member, Governor Bill Graves' Administration (1999 - 2003)
- National Association of State Units on Aging Association, Board Member (2002)
- Kansas Legislature's Long Term Care Services Task Force (2000 - 2003)
- Kansas State Board of Education,
    - Elected member (1985 - 1995)
    - Chairman (1989 - 1990)
    - Legislative Chair (1986 - 1988 & 1991 - 1993)
- National Association of State Boards of Education (1989 - 1994)
    - President (1993 - 1994)
- Public Policy Monitor (YMCA) of Kansas (1992 - 1995)
- Kansas Agricultural Rural Leadership (1998 - 2000)
- Governor's Kansas Workforce Investment Partnership (1995 - 1998)
- Volunteer Center of Topeka Board of Directors (2003-Present)
- St. Francis Hospital Foundation Board of Directors (2003-Present)
- Topeka/Shawnee County Library Friends Board of Directors (2004-Present)
- Topeka/Shawnee County Library Foundation Board of Directors (1995 - 2002)
    - Chair (2000 - 2001)
- Topeka YMCA Board of Directors (1989 - Present)
    - President (1995)
- Kansas Business Hall of Fame (1990 - 1998)

- Kansas Alliance for Literacy (1995 - 1996)
- Kansas Alliance for Adolescent Health (KAHA) (1994 - 1997)
- Lieutenant Governor Candidate (1994)
- Governor's Mental Health Services Planning Council (1990 - 1994)
- Governor's School to Work Commission (1994 - 1995)
- Kansas 2000 Project (1991)
- National Board of Directors, Parents and Teachers (1991 - 1995)
- Board of Directors, Kansas Business Hall of Fame (1990 - 1995)
- Midwest Higher Education Compact (1990 - 1994)
- Junior League of Topeka, Board of Directors (1976 - 1981)
    - President (1980 - 1981)
    - National Board Service ((1982 - 1985 & 1992 - 1994)
- Topeka Blood Bank, Board of Directors (1984 - 1991)
    - Vice-President (1985)
- United Way of Topeka, Board of Directors (1984 - 1991)
- President, Topeka High School Parents Organization (1990)
- Young Women's Christian Association (YMCA) Board of Directors (1984 -1988)
- Leadership Kansas (1984)
- Volunteer Center, Board of Directors (1981 - 1984) President (1984)

Hubbell's many distinguished honors and awards include:

- ABWA Distinguished Woman of the Year, 2003
- Sertoma "Service to Mankind" District and Regional Award, 2003
- Gold Rose Award, Junior League of Topeka
- Special Vocational Award, Kansas Vocational Association
- Certificate of Commendation, Kansas Future Farmers of America
- Proclamation by Governor Mike Hayden for State and National Leadership in State Boards of Education
- Recognition for Contributions to teachers in Kansas: Phi Delta Kappa and Geraldine Rockefeller Dodge Foundation
- President's Award, Kansas Association of Health and Physical Education
- Distinguished Service Award, Kansas Association for School Health
- 1999 Capital Minute Citizen Award, Multimedia Cablevision and Capitol Federal Savings
- 1999 Award for Service to Kansas Families, Kansas Association for Marriage and Family Therapy

Arneatha Martin, BSN, MSN, ARNP, Retired Co-President and CEO, Center for Health and Wellness.

Arneatha Martin has served the health community in many capacities throughout her profession. Having recently retired, Martin leaves behind a distinguished career that includes: Director Department of Education and Research, St. Joseph Medical Center, 1987-l996, Director of Development, Via Christi Health System, 1996-1998, and Chief Executive Officer & Co-President, Center for Health and Wellness, Inc., 1998 – 2005. (retired May 2005).

Arneatha Martin received her Bachelor of Science degree in Nursing in 1975 and Masters of Science degree in Nursing in 1980. She received her Advanced Registered Nurse Practitioner (ARNP) certification in 1996 from the Kansas State Board of Nursing. Martin is a Lieutenant Colonel in the
United States Army Reserve (Retired). She spent 6 months in Saudi Arabia during the Gulf War.

Martin's involvement in the community is extensive. She is involved with or holds office with the following organizations:

- Wichita State University Board of Trustees
- Board of Directors, Sedg. County Board of Health
- Team member, National Governor's Policy Academy of Chronic Disease Prevention & Management.
- Board of Directors, Wichita State University Alumni Assoc.
- Board of Directors, Step Stone
- Board of Directors, American Red Cross
- Board of Directors, Center for Health and Wellness
- Board of Directors, American Lung Association
- Board of Directors, Regional Prevention Center

Martin is also widely involved in professional organizations:

- Wichita State Nursing Alumni Society
- Wichita Black Nurses Association
- Kansas Association of Health Education
- Kansas State Nurses Association
- Delta Sigma Theta Sorority
- Kansas State Nurses' Association
- Soroptimist International of Wichita
- National Black Nurses' Association
- Wichita Chapter of Links, Inc.
- Sigma Theta Tau Honor Society of Nursing

Martin's notable career has awarded her many honors. These include:

- Sedgwick County Community Enrichment Award 2004.
- National Black Nurses Administrator of the Year Award 2002.
- The National Conference for Community and Justice Humanitarian Awards 2002.
- Robert Wood Johnson Community Health Leader Award 2001.
- Search Committee member for Wichita State University's President and Dean of College of Health Professions.
- Leadership Kansas class of '98.
- Women in NAACP award 1997.
- Martin Luther King, Jr. 1998 Recognition Award.
- Distinguished Nursing Alumni Award 1997.
- Up with people Award, Urban League of Wichita.
- Wichita State University Alumni Achievement Award 1998.

- President, Kansas State Board of Nursing 1996-97.

Vernon A. Mills, MD, Pediatrician, Leavenworth, KS.

Dr. Vernon Mills, a pediatrician, graduated from the University of Kansas School of Medicine, Kansas City, KS in 1977 after earning a Bachelors of Science in pharmacy from Howard University in 1974. He went on to complete his internship and residency at the District of Columbia General Hospital, Washington, DC, 1978 and 1979 respectively. In 1980, Dr. Mills completed a Pediatric Infection Disease Fellowship at the University of Texas at Houston, Houston, TX. He is board certified by the American Board of Pediatrics.

Dr. Mills' professional activities have included being a founding member and first president of the Student National Pharmaceutical Association in 1972 and has held positions of: Alternate Councilor, Councilor, 2nd Vice President, 1st Vice President, and President of the Kansas Medical Society. He has also held the position of President of the KAW Valley Medical Society. Dr. Mills is an active member of the National Medical Association and the American Medical Association. He has been active on the Board of Directors for Heartland Health, Sunflower Foundation, and KAMMCO.

Dr. Mills and his wife, Cheryl, have four children, two daughters and two sons.

Marcia Nielsen, PhD, MPH, Assistant Vice Chancellor for Health Policy, Office of External Affairs University of Kansas Medical Center and Assistant Professor, Department of Health Policy and Management.

Dr. Marcia Nielsen received a Ph.D. in Health Policy and Management from Johns Hopkins School of Public Health, a Master of Public Health degree from George Washington University, and a Bachelor of Science from Briar Cliff College in Sioux City, Iowa. Prior to joining the University of Kansas in 2002, she spent ten years working in Washington, D.C., as a senior legislative assistant for a U.S. Senator and a health care lobbyist. At the University of Kansas Medical Center she serves as both a faculty member in the Department of Health Policy and Management as well as Assistant Vice Chancellor for Health Policy and Governmental Affairs. Marci is a Nebraska native, a former US Army Reservist, and a returned Peace Corps volunteer. She currently lives with her husband and twin daughters in Prairie Village Kansas.

Dr. Nielsen's teaching and research interests are in federal and state health policy, the US health care system, and public health. In the School of Medicine, she is co-director of the Social Basis of Medicine course for first year medical students, and has taught several courses in the Masters of Health Services program. Dr. Nielsen has been also been involved in numerous research projects, including a HRSA Supplemental State Planning Grant that explores issues related to the affordability of health insurance in Kansas. She is currently the principal investigator on a Kansas Health Foundation (KHF) grant, "Expanding MPH Curriculum Development in the areas of Health Policy and Administration."

Dr. Nielsen is the Chairperson of the Kansas Health Policy Authority Board, a 2005 Kansas Health Foundation Fellow, a former member of the Health Care Data Governing Board, a member of the Healthy Kansas 2010 Steering Committee, a Task Force member for the Kansas Public Health Systems Group, and participated in Governor Sebelius' Task Force on Health Care

Reform. Dr. Nielsen has worked as a student advisor for the Kansas Medical Student Association on the 2003 "Covering the Uninsured Week" and for the JayDoc Clinic, which provides health care services to the medically underserved. She is a member of the Kansas Public Health Association, the American Public Health Association; a member of advisory task group on health and social justice (a joint initiative of the National Association of County and City Health Officials), America's HealthTogether, and the Center for the Advancement of Health; and an advisory panel member to the Ethics and Professional Policy Committee of the American College of Medical Quality. She also serves on the Heart of America United Way Public Policy committee and a past board member of New Horizons, a non-profit which provides residential and treatment services for mentally ill and disabled adults.

Susan Page, MA, CEO of Pratt Regional Medical Center

Susan Page has been President and CEO of Pratt Regional Medical Center since 1993. She has served as President and CEO since 1993. Pratt Regional Medical Center includes a 69 bed acute care hospital, a 51 bed long-term care nursing home, a home health agency, 2 physician specialty clinics, and three outlying rural health clinics.

Susan received her Master's degree in Business Administration from Webster University in St. Louis, MO and her Bachelor's degree in Medical Record Administration from the University of Kansas. She is a Certified Diplomate in the American College of Healthcare Executives.

Page served as Chairman of the Board of the Kansas Hospital Association in 2002 and 2003, and recently completed her term on the Board. She is currently serving on the Region 6 Policy Board of the American Hospital Association.

Page serves on Congressman Moran's Executive Council; serves on the Regents Advisory Council of the American College of Healthcare Executives; is a member of VHA Mid-America Board of Directors; and previously served as president of the Kansas Association of Healthcare Executives, Chair of the Kansas Hospital Service Corporation, and as a member of the Kansas Chamber of Commerce and Industry board of Directors.

Locally, Page is past President of the Pratt Area Chamber of Commerce; a founding Board member of Leadership 2000, a member of the Pratt Rotary Club, and Sacred Heart Church.

Susan and her husband Jim have two children, Katie who is 17 and Hannah who is 13.

Joe Tilghman. Retired, Midwest Consortium Administrator, Centers for Medicare and Medicaid (CMS), HHS

Joe Tilghman has served the Centers for Medicare and Medicaid Services (CMS) in a senior field leadership position in a career spanning nearly the entire period of enactment of the Medicare and Medicaid programs. Tilghman retired on January, 2005, after 37 years of distinguished federal service.

As Midwest Consortium Administrator, Tilghman was responsible for federal administration of the Medicare and Medicaid programs in IA, KS, MO, NE, MN, MI, IN, IL, WI, and OH. He

was an active member of the CMS Executive Council. Tilghman worked a six month detail to New York City following 9-11 to run the New York City, Boston, and Philadelphia regions. Prior to joining CMS (then the Health Care Financing Administration) in 1978 he worked in Social and Rehabilitative Services and the Bureau of Health Insurance.

A former Army Captain, Tilghman earned his Bachelors of Arts from the University of Kansas in 1967, majoring in philosophy and English. In 1970, he went on to complete a Masters of Science from Troy State University in education. Tilghman has also completed 30 hours of graduate work in Public Health Administration at the University of Missouri at Kansas City, 1972 – 1978.

Joe Tilghman and wife, Jo Anne Hardy, have two adult children: Stephanie and Abigail.

Appendix B. Organizational transition

Federal Actions. On June 16, 2005, DHPF submitted State Plan Amendment (SPA) 05-04 to the Centers for Medicare and Medicaid Services to officially transfer the single state Medicaid agency designation from SRS to DHPF. This was necessary to transfer the legal authority for Medicaid under Title XIX of the Social Security Act from the Secretary of SRS to the Director of DHPF as specified in House Substitute for SB 272. This state plan amendment required a certification from the Attorney General that the designated state agency has legal authority to administer or supervise the administration of the state Medicaid plan and make rules and regulations for administering the plan or that bind local agencies to administer the plan. CMS requested some clarifications on the SPA and the authorizing legislation, but DHPF never received formal questions. The SPA was approved on August 9, 2005. DHPF also submitted a change in our State Children's Health Insurance Program state plan to CMS on July 29, and that plan amendment was approved on October 17, 2005

Other administrative activities related to moving the operation of the Medicaid program included authorizing DHPF to draw federal funds and submit the quarterly expenditure reports and estimates. The authority to draw federal funds could not be transitioned until the SPA was approved. DHPF began drawing federal Medicaid funds on October 1, 2005. Since that time DHPF has made regular withdrawals from the federal Medicaid accounts and transferred federal funds among the agencies that use Medicaid funds. The staff person from SRS that was primarily responsible for assembling the quarterly reports transferred to DHPF on July 1, and continued her duties for the reports submitted at the end of August.

With the State Plan change approved, our next step has been to develop a cost allocation plan (CAP) to allow DHPF to claim federal funds for administrative costs. A CAP for DHPF was submitted on September 2, with a retroactive effective date to July 1, 2005. The CAP describes the direct and indirect costs for DHPF to administer the Medicaid program. It is based on the cost allocation formula used by SRS with the addition of the new staff that transferred to DHPF and the Governor's Office of Health Policy and Finance. DHPF has answered one round of questions about the methodology DHPF proposed, and just received this week some clarifying questions. DHPF continues to be optimistic that the CAP will be approved to avoid a disruption in federal funding for DHPF operating expenditures.

Interagency Agreement. During this same period, an interagency agreement was drafted that described the relationship between DHPF and SRS for cooperative administration of Medicaid services as described in House Substitute for SB 272. This agreement used the work of several SRS workgroups that were established during the development of the Governor's Executive Reorganization Order. The agreement outlines the programs each agency retains policy authority for, which agency is responsible for drawing and maintaining accountability for federal funds, continuity of privacy and security policies related to the Health Insurance Portability and Accountability Act (HIPAA), and mechanisms to resolve disputes between the agencies. There are also detailed schedules describing administrative functions provided to DHPF by SRS, the exchange of information technology and data services, and policy development and change processes for Medicaid funded services. The specific services and program assigned to each

agency are shown in the table below. This agreement was signed by Director Day and Secretary Daniels on September 12, 2005.

Division of Medicaid Program Responsibilities, July 2005

DHPF	SRS
Medicaid - Regular Medical Services	Private ICF-MR
	Persons with Developmental Disabilities HCBS
SCHIP	Wavier
MediKan	Persons with Physical Disabilities HCBS Wavier
	Persons with Traumatic Brain Injuries HCBS Waiver
	Technology Dependent Children HCBS Waiver
	Public ICF-MR
	Attendant Care for Independent Living
	Targeted Case Management
	Substance Abuse Treatment
	Psychologist and Psychiatrist Services
	Behavior Management
	Community Mental Health Center Services
	Children with Severe Emotional Disturbance HCBS Waiver
	Positive Behavior Support
	State Mental Health Hospitals
	Nursing Facilities for Mental Health
	Residential Treatment Facilities for children
Family Medical Eligibility Policy	
Adult Medical Eligibility Policy	
HealthWave Clearinghouse - Eligibility Determination and Case Maintenance	Eligibility Determination for applications filed at SRS Service Centers
	Case Maintenance for Adult Medical Programs

Transitioning provider payments. Effective July 1, 2005, the process for making provider payments through the Medicaid Management Information System (MMIS) was adjusted for the change in agencies. Staff from DHPF and SRS worked to identify services that each agency would be responsible for after the transition. This list was used to isolate procedure codes based on the agency that would fund the provider payment. The data analysis of the procedures and services paid by each agency was used to determine the amount of funding that would have to transfer from SRS to DHPF. The same analysis was the foundation for the change in the accounting system to make provider payments.

For a provider to receive a payment for Medicaid services, they submit a claim that processes through the MMIS. The MMIS processes the claim and assigns a program cost account (PCA)

code to the payment amount. That information is passed to the SRS accounting subsystem, which uses the PCA to assign the expenditure to an agency and a funding source. Before July 1, MMIS expenditures were assigned to SRS, the Department on Aging, or the Juvenile Justice Authority (JJA). SRS modified its accounting system to split the MMIS expenditures between DHPF, SRS, Aging, and JJA. With all of the weekly payments split among the four agencies, a data file is sent to the Department of Administration to generate the actual payments to providers. This process allows each agency to pay for the Medicaid services it administers and account for its own Medicaid expenditures.

Transitioning accounting functions. DHPF has assumed responsibility for other accounting functions, such as contractual payments, receivables, and payables. The number of staff transferred for these duties was determined based on the volume of work in SRS. DHPF has been working to cross train the DHPF and SRS staff so that all of the accounting responsibilities can be completed. One significant gap for DHPF is staff to process and account for receivables. DHPF receives funds from 11 or more sources, including drug rebates, estate recovery payments, medical subrogation payments, premium payments, provider overpayments, and federal grant awards. No staff were transferred related to this process and staff across DHPF has been working to receive, deposit, and account for incoming funds. DHPF is able to deposit funds in our own fee fund accounts and make the appropriate credits. SRS processed part our receivables, but all receivables were transitioned to DHPF as the Medicaid staff moved out of the Docking State Office Building.

Moving Funds. Starting with the FY 2006 budget submitted last September, State General Funds were divided between SRS and DHPF based on the administrative functions that were moving from SRS to DHPF and the Medicaid services that were assigned to each agency. The SRS Fee Fund was divided based on the amount used to fund Regular Medical caseload expenditures. The final appropriations bill (Senate Substitute for HB 2482) transferred $40.8 million from the SRS Social Welfare Fund to the DHPF fee fund. DHPF, SRS, and the Department of Administration agreed that the transfer was not necessary as long as each agency could receive and deposit funds into its own accounts. This is true of the other transfers authorized by Senate Substitute for HB 2482. For the federal funds, DHPF will begin drawing from the total federal Medicaid award and distribute funds to agencies for claims and administrative costs.

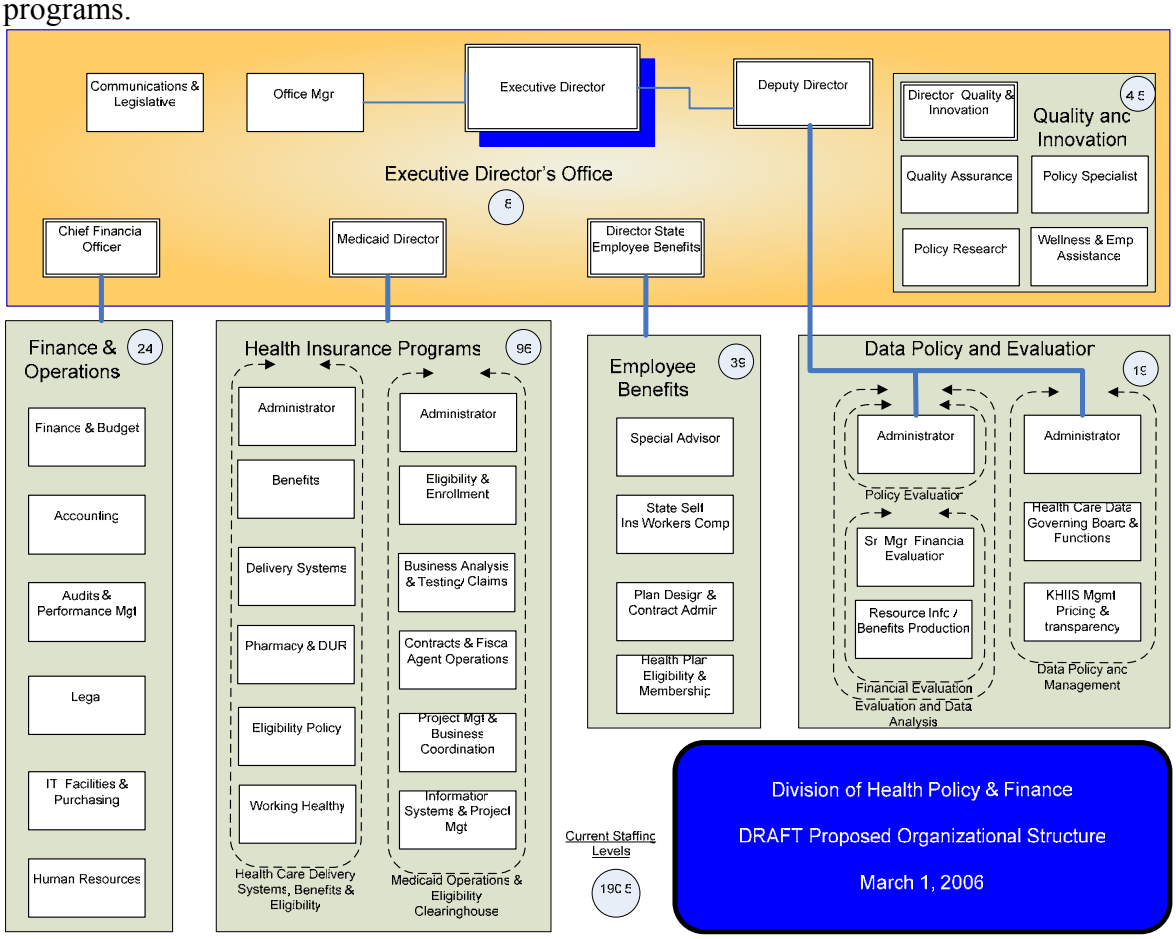
Developing an organizational identity. Over the past eight months, DHPF staff has engaged in a structured process to develop a common mission and a core set of values to undergird and help guide development of an integrated and focused organization.

The Division's Mission. **The mission of the Division of Health Policy and Finance is to improve Kansans access to affordable, quality healthcare by leveraging a more efficient and equitable marketplace through strategic purchasing and by providing meaningful health information.**

The Division's Values. **The Division of Health Policy and Finance is a fiscally responsible, information driven organization that values transparent and effective business practices and employee development.**

Integrating staff. In July of 2005, staff associated with operating and providing financial and operational support to the Title XIX and Title XXI programs were transferred from SRS (133.87 FTE) and combined with staff form the State Employees Health Plan and the Governor's Office of Health Policy and Finance to form the Division of Health Policy and Finance. The physical relocation of staff into current premises on the 9th and 10th floor at Landon State Office Building was phased through the early October to early December period. Several staff members continue to be housed at contractor sites at EDS, Maximus to provide on-site program support.

DHPF has a total of 180.67 authorized positions in the FY 2007 Governor's Budget Report. This includes 113.87 in the Medical Policy and Medicaid Unit (including Finance and Operations), 39.8 for State Employee Benefits, and 12.0 to support the Kansas Health Authority. The equivalent of 2.0 legal staff support the State employee benefits program and a paid by inter-Agency agreement while showing in the Department of Administration's staff count. When these and unclassified temporary staff are counted, the total current staff resources in the Division totals 190.5 FTE, as illustrated in the organization chart which follows. This structure reflects the continuing process of integrating the health care purchasing, contracting, data, analytic and other operational functions for the Division's programs as well as the KHPA's broad legislative change. The blending of organizational cultures within the Division is well underway. Successful initiatives in one program have provided learning opportunities in the other program, and processes are being built to ensure Division-wide goals are met in each of our programs.



What is left to do. One of the guiding themes during the transition to DHPF has been the recognition that this is only the first step. Staff is trying to avoid making long lasting decisions that may have to be undone as DHPF fully merges operations with the State Employees Health Plan or as the Kansas Health Policy Authority starts meeting. There are some issues specifically related to the operation of the Medicaid program that DHPF is addressing.

Modify the MMIS to support financial operations separate from SRS. DHPF has initiated MMIS policy changes to the financial and provider payment subsystem to support separate agencies. These changes are still in a design phase, but DHPF believes that the Medicaid agency should have financial processes separate from the SRS accounting system. This also will automate and simplify some of the financial reporting mechanisms for CMS. The projected implementation date for these changes is January 2007.

Combine receivables into a common reporting system. DHPF needs to develop a central receivables process to account for the multiple sources of revenue that come in through the various payment mechanisms across the DHPF. DHPF has conducted a preliminary audit of the receivables processes throughout DHPF and it appears that the separate collection locations developed because of varying reporting and programmatic needs. The State Employees Health Plan also identified a need to improve the process for billing retirees and non-state groups that is similar to other receivables in DHPF. A central receivables system could streamline the receipting, depositing, and fund accounting needed to make sure the right funds are applied to the right bills.

Develop data reporting and analysis capacity. Our primary charge as an organization is to improve the quality and efficiency of health purchasing in Kansas. Part of that mission involves using the data we have to understand what Medicaid is paying for, how much we are purchasing, and for whom. We also would like to look at the value of what we are purchasing in terms of improving the health and well being of Medicaid and SCHIP beneficiaries. We have an excellent staff of fiscal analysts and researchers, but we need to make sure they have the tools to analyze more complex questions. We also need to improve our ability to make information available to our stakeholders and customers in means that are accessible and understandable. The KHPA Board intends to develop specific recommendations in the coming year to address these needs (see section VII below).

Develop budget and fiscal analysis capacity. DHPF is responsible directly for approximately $2 billion in state expenditures, and provides the Medicaid oversight for an additional $500 million. One budget analyst position was transferred from SRS, and DHPF has hired a Chief Financial Officer to lead an Operations Unit that includes accounting, finance, and federal reporting activities. DHPF continues to work on mechanisms to improve our ability to monitor financing issues that have long and short term impacts on the services funded with federal Medicaid dollars. This comes from reviewing expenditure trends, the amount claimed on federal reports, changes in Medicaid rules, and tracking deferrals and audit findings.

Appendix C. Description of Programs to be Incorporated into the Kansas Health Policy Authority on July 1, 2006

Under current state law, primary responsibility for the Medicaid, SCHIP, State Employees Health Benefits, State workers compensation, and MediKan programs will transfer to the KHPA on July 1, 2006. In this section each of these programs is briefly described. In addition, the operations of the Business Health Policy Committee (BHPC) are also described. Responsibility for the operation and support of the BHPC was transferred to the KHPA on January 1, 2006.

Medicaid and Medical Policy

What is Medicaid? Medicaid, as part of Title XIX of the Social Security Act, became law in 1965 as a jointly funded cooperative venture between the Federal and State governments to provide adequate medical care to eligible needy persons. Medicaid is the largest program providing medical and health-related services to America's poorest people. The Federal statute identifies over 25 different eligibility categories for which federal funds are available. These statutory categories can be classified in to five broad coverage groups: Children; Pregnant Women; Adults in Families with Dependent children; individuals with disabilities, and individuals 65 or over.

Within broad national guidelines which the Federal government provides, each of the states establishes its own eligibility standards; determines the type, amount, duration, and scope of services; sets the rate of payment services; and administers its own program. Thus, Medicaid programs, benefits, and policies considerably from state to state.

Medicaid at a Glance
FY 2005

Total Medicaid Expenditures –	**$2.126 billion**
Average Monthly Consumers –	**264,494**
Unduplicated Individuals –	**364,266**
Providers –	**14,367**
Average Claims per day –	**57,366**

for

vary

Medicaid in Kansas. In FY 2005, the State of Kansas spent over $2.1 billion purchasing health care for more than 360,000 persons through the Medicaid and HealthWave programs. Medicaid is the third largest purchaser of health care services and the largest purchaser of children's health care services in Kansas. About 64 percent of the persons served were low income children and families. Medicaid pays for nearly one-third of the births in Kansas. Persons whose health care is covered by this program are generally:

- Less healthy than the general population;
- Unlikely to have an identified primary care physician;
- Less likely to have had timely immunizations; and
- More likely to seek medical care in expensive hospital emergency rooms.

DHPF's approach to health care for medically under-served Kansans emphasizes preventive services and evidence-based health care practices.

Nearly all health care services purchased by Medical Policy and Medicaid (MP/M) are financed through a combination of state and federal matching dollars either through Title XIX (Medicaid) or Title XXI, the States Children's Health Insurance Program (SCHIP). Under Title XIX the federal government provides approximately 60 percent of the cost of Medicaid services with no upper limit on what the federal government will reimburse the State. The State provides the remaining 40 percent of the cost of Medicaid services. Under Title XXI the Federal government provides approximately 72 percent of the cost up to a maximum allotment, and the State provides the remaining 28 percent and any excess spent above the federal allotment. Health care services are purchased through both traditional fee-for-service and managed care models as described below.

Title XXI/The State Children's Health Insurance Program (SCHIP). Through SCHIP, Kansas combines state and federal funds to purchase health care services for uninsured children from low income families. SCHIP provides free or low cost health insurance coverage to children who:

- Are under the age of nineteen;
- Have family incomes too high to qualify for Medicaid;
- Have family incomes under 200.0 percent of the federal poverty level; and
- Are not covered by state employee health insurance or other private health insurance.

As of January 2006, there were 37,189 children enrolled in SCHIP. In addition, the SCHIP outreach process has resulted in an additional 73,288 children being found eligible for Medicaid. Therefore, since the implementation of SCHIP in January 1999, an estimated 140,617 Kansas children who were uninsured received physical, mental, and dental health coverage.

MediKan. MediKan provides a reduced health care benefit for individuals in the process of applying for disability through the Social Security Administration. When the person receives a final disability determination, they become eligible for Medicaid and the state can recover the federal share of providing services. Until that point, MediKan services are funded entirely from the State General Fund. The MediKan benefit is not as comprehensive as Medicaid, but includes some inpatient and outpatient hospital care, prescription drugs, mental health services, limited durable medical equipment, and home health care. A recent study of the services provided to MediKan beneficiaries showed that 61.8 percent of MediKan costs are for prescription medications, Community Mental Health Center services, and hospitalizations. DHPF is working to develop a presumptive disability procedure to expedite the review of disability determinations and quickly identify individuals that would otherwise be eligible for Medicaid. During FY 2005, 4,499 persons received health services through MediKan.

Medicaid Management and Oversight Responsibilities. In addition to funding health care services, DHPF is the single State agency responsible for the integrity of all Medicaid and SCHIP funded programs in Kansas. Not only does the Medicaid program serve as a major source of federal financing for other programs in Kansas, MP/M assists other State agencies in complying with Medicaid rules and regulations, including the Kansas Department on Aging, the Department of Social and Rehabilitation Services, the Juvenile Justice Authority, the Kansas Department of Health and Environment, and the State Department of Education. This responsibility requires constant communication with consumers, physicians, dentists,

pharmacists, managed care and long-term care providers, and myriad of others who play a very important role in the success of this program.

State Employees Health Benefits

The Legislature created the Health Care Commission in 1984 and gave it the authority to design and implement a health care benefits program. Statute provides for an Employee Advisory Committee which was implemented in 1995. It consists of 21 members; 18 active employees and 3 retirees serving three year rolling terms. In 1999 the Health Care Commission approved allowing other governmental employer groups into the plan. Underwriting guidelines were developed to assure that state employees would not be adversely affected by this decision. Because it was subsequently determined that there were different costs between the non-state employer groups and state employees, the non-state employer groups do pay a different composite rate and employee premiums.

State Employee Benefits at a Glance

Health care expenditures	**$304 million**
Total Individuals Covered	**88,173**
State Employees	**35,022**
Dependents	**38,101**
Non-State Employee Groups	**5,678**
--School Districts	
--Counties, Cities and Townships	
--Other employer groups	
Retirees and COBRA	**9,372**

Health Plan Enrollment. Total plan enrollment in the State Employee Health Plan is just over 50,000 contracts and about 88,000 covered lives. In plan year 2006, 92.0 percent of employees are enrolled. Of those, 56.0 percent carry single coverage and 44.0 percent provide coverage for their dependents.

There are 97 non-state group employers participating in the plan, consisting mostly of schools and municipalities. The non-state group employers include 35 school districts; 42 cities, counties or townships; and 20 other local units such as water districts, libraries and extensions. The number of participants in the non-state groups range from 1 to 524. Only 5 groups have more than 200 and 13 have between 100 and 200 members.

In addition to the active employees, DHPF provides coverage for nearly 9,000 retirees and former employees living in all states and some abroad.

Health Plan Design.

Medical. All participants have a choice of preferred provider organizations (PPOs) and, where available, a Health Maintenance Organization (HMO) option as well. For plan year 2006, 60.0 percent of active participants chose an HMO. Retirees have the same choices of provider networks. Retirees who are Medicare eligible also can enroll in a self funded Medicare Supplement Plan and, beginning with 2006, a Medicare Advantage Plan offered by Coventry. About $85 million was spent in 2005 on medical claims for the self funded plans administered by Blue Cross Blue Shield and Harrington, and about $126.0 million in premiums for the fully insured plans.

Prescription Drugs. Prescription Drugs are carved out of the health plan and administered separately by a Pharmacy Benefits Manager (PBM). Prescription drugs were carved out of the medical plan effective January 1, 1996. A tiered coinsurance program has been implemented that includes a separate out of pocket maximum for special medications and discounts for lifestyle drugs. The generic dispensing rate for the state employee plan is now over 52.0 percent. Drug expenditures in through the PBM have been about half of the national average since the current design was implemented. Annual claims cost for 2005 was $62.0 million. Caremark is the State's PBM.

Dental. The dental component is provided by the employer for employees at no cost, and it is optional for dependents. In 2005, $18.1 million was paid in claims. Delta Dental of Kansas provides administrative services for the dental benefit.

Vision. The Employee Advisory Committee (EAC) requested that a voluntary vision plan be offered. It provides two benefit levels and is completed funded by participants. There are 22,300 participants. Superior Vision is the vendor.

State Employees Self Insurance Fund (Workers Compensation)

The workers compensation program for state employees is called the State Self Insurance Fund (SSIF). The Fund was implemented through legislation in 1972 and consolidated into the Division of Personnel Services in 1988. It is a self insured, self administered program with 15 staff members to administer the program. The SSIF is funded by agency rates based on experience rating. The rates are developed by an actuarial service using three years of claims experience, payroll and caps on expenses. Rates are currently approved by the Department of Administration and published by the Division of Budget.

The SSIF processes and manages claims for injuries that arise out of and in the course of work. There is unlimited medical compensation to treat the injury. Additionally compensation is made for loss of time, permanent impairment or death. Medical payments are based on a fee schedule developed by the Workers Compensation Division of the Kansas Department of Labor. A third-party medical review service is utilized to review claims for medical appropriateness and pricing. On average, 300 accident reports are received monthly. In FY 2005 the SSIF spent over $16.0 million on compensation, with about 55.0 percent for medical services and 45.0 percent for loss time compensation.

Business Health Policy Committee

The Kansas Business Health Policy Committee (KBHPC) is initiating a pilot program to increase the financial incentives available to small businesses when they decide to offer health insurance to their employees. The program targets working Kansans who are most likely to be uninsured: those with incomes below 200 percent of the federal poverty limit who work in small firms with between 2 and 25 employees. The Committee intends to combine the existing small business tax credit with additional assistance to reduce company contributions to 30 percent of the premium and employee contributions to 10 percent of the premium. The program will be offered on a

pilot basis in Sedgwick County during the program's first year. Due to the limited target market, bids will be solicited for a single carrier to offer a plan that includes a standard package of benefits emphasizing preventive care, and will be linked to the new CommunityRx Kansas program. The program will be coordinated with HealthWave coverage to enhance the program's impact on uninsured, low income families.

Appendix D. Data Decision Support

DHPF's existing decision support system (DSS) requires a degree of technical expertise to retrieve data in a usable format that limits the system's utility. It contains only Medicaid and SCHIP data. The Employee Benefits Plan data is contained in a separate DSS. The KHPA has assumed statutory responsibility for the Health Care Data Governing Board (HCDGB) databases, and will assume responsibility for the Kansas Health Insurance Information System (KHIIS); all previously managed by the Kansas Department of Health and Environment. In order to fulfill the mission of the DHPF/HPA it may be desirable to have these health care databases organized under a unified system. Meeting the statutory charge in the area of data will probably require additional resources for the KHPA, including an integrated DSS and additional analytic and data support staff. Preliminary estimates suggest the need for a new DSS and several additional staff at a total cost of between $1 million and $1.5 million per year ($.6-1.0 million SGF). These estimates are based in part on a recent review by DHPF of the costs that other states incur in operating information management systems for their Medicaid programs. The table below summarizes the results of this review. Please bear in mind that the systems described below include only Medicaid program data, whereas KHPA is responsible for managing a much wider array of health data.

Medicaid data management costs in other states

State	Data Management Staff	Start-up Costs	Annual Operating Costs	Average Annual Costs***	Data Content	Separate MMIS
Comparable states						
Utah	1 data base analyst, 3 analysts	$ 2,700,000	$ 300,000	$ 840,000	Medicaid, Birth, Death	No
Nebraska	1 part time contract manager, 1 project manager	$ 125,000	$ 960,000	$ 985,000	Medicaid Only	Yes
Colorado	2 business analysts, 10 Medicaid Management Information System (MMIS) analysts, 2 contract staff trainers	$ 700,000	NA	NA	Medicaid Only	Yes
Iowa **	3 data warehouse analysts, 1 website administrator, 1 web programmer	$ 150,000	$ 750,000	$ 780,000	Medicaid, Child Welfare, Child Abuse, Income Maintainence	Yes
New Hampshire	Developers, systems analyst, data base analyst manager, business systems analyst, program specialist manager	NA	$ 600,000	NA	Medicaid, Financial, Human Resource, Program Data	Yes
Larger states						
Washington	1 system coordinator, all other contracted out		$ 3,600,000	$ 3,600,000	Medicaid, Social Service Payments (Foster Care, Home Health, Child Daycare, Encounter)	Yes
South Carolina	2 senior systems analysts, 1 data base analyst	$ 1,900,000	$ 940,000	$ 1,320,000	Medicaid Only	Yes
Florida	2 state staff for contract management, 12 contract staff (3 techs, 2 trainers, 6 data analysts, 1 project manager)	$ 550,000	$ 2,500,000	$ 2,610,000	Medicaid Only	Yes
New Jersey	4 state staff, 2 data base analysts, 1 support staff, 1 project consultant	$ 2,500,000	$ 1,900,000	$ 2,400,000	Medicaid, TANF, Child Support, General Assistance, Child Care, Contracts Data	Yes
California	1 staff services manager, 1 research program specialist, 3 research analysts, 1 staff information system analyst, assistant information system specialist, 5 data processing managers	NA	$ 7,000,000	NA	Medicaid Only	Yes

* All costs are general costs given by respondents of the survey.
** Iowa was the only state surveyed that built their own data warehouse.
*** Start-up costs spread over 5 years